GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

IT,E&C Department – Promotions – Andhra Pradesh Artificial Intelligence (AI) & Cloud Hub Policy 2018-2020 – Certain Packages of Incentives approved for M/s Adani Enterprises Limited – For Establishment of Data Center Park(s) in Andhra Pradesh – Orders – Issued.

INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS (PROMOTIONS WING) DEPARTMENT

G.O.MS.No. 9 Dated: 12-02-2019

Read the following:

1. G.O. Ms. No:4, IT,E&C (Promotions) Department, dated.31.01.2018.
2. From M/s Adani Enterprises Limited, Representation, 01.01.2019
3. Minutes of the SIPB meeting, dated.09.02.2019.

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ORDER

Government of Andhra Pradesh is committed to augment inclusive growth of the State across different sectors and strongly believes that Technology and its development forms the core of an economy. This has led to formulation of a Blueprint "Re-Imagining Andhra Pradesh – role of e-Governance, Electronics and Information Technology" for development of Electronics and Information and communications technology industry in the State. The Blueprint also envisages a number of conducive policies and simple but effective frameworks being put in place.

2. In the G.O 1st read above, in order to promote Artificial Intelligence (AI) and Cloud Technologies in the State of Andhra Pradesh, Government have put in place the Andhra Pradesh AI & Cloud Hub Policy 2018-2020, wherein a special dispensation has been provided for setting up of AI & Cloud Hub Projects in the State.

3. In the representation 2nd read above, M/s Adani Enterprises Limited has submitted a proposal to the Government under the Andhra Pradesh Artificial Intelligence (AI) & Cloud Hub Policy 2018-2020 for a special package of incentive to establish Data Center Park in Visakhapatnam District, Andhra Pradesh.

4. The State Investment Promotion Board (SIPB) has examined the proposal of M/s Adani Enterprises Limited, during the meeting held on 09.02.2019 and made certain decisions.

5. Based on the State Investment Promotion Board (SIPB) decisions, as per the Minutes 3rd read above, Government after careful examination hereby decide to provide the following incentives to M/s Adani Enterprises Limited;

(a) to allot 89.69 acres of developed land to the company at a rate of INR 1 Cr. per acre in Kapuluppada (V), Bheemili (M), Vishakhapatnam District;
(b) to allot 300 acres of land at a rate of INR 20 Lakhs per acre in Vempaadu (V) and Dhanalakshmi Puram (V) of Nakkapalli (M), Vishakhapatnam District;
(c) to allot 100 acres of land at a rate of INR 20 Lakhs per acre in G. Chodavaram (V), Poosapati Rega (M), Vizianagaram District;
(d) the price fixed for the lands in all three (3) locations namely Kapuluppada, Nakkapalli, and G. Chodavaram will be valid for a period of five (5) years from date of first purchase of land at Kapuluppada (Phase- I);
(e) to compute stamp duty as per the sale consideration(i.e., INR 1 Cr. per acre at Kapuluppada, INR 20 Lakhs per acre at Nakkapalli and G. Chodavaram.);

(f) to allow staggered payments on land procurement. The project proponent shall make an initial payment of 10% of the total sale consideration at the time of sale agreement. The remainder of payment shall be made in six (6) equal annual installments starting from the year after the initial payment;

(g) to allow banking of 100% energy up to the extent of consumption of Data Center Park(s)/ unit(s) without any restrictions duly relaxing the provisions of AP Solar Power Policy, 2015 as a special case for a period of 12 years from the date of land sale agreement for respective Data Center Park(s). For the data center units/ individual consuming units that have started operations within these 12 years, banking of 100% energy without any restrictions would be extended by another 8 years for the installed capacity of Data Center Park(s)/ unit(s) at the end of 12th year. The loss of revenue on this account will be reimbursed to Power Utilities from the incentives' budget of IT,E&C Department on quarterly basis;

(h) to allow 100% exemption from banking, wheeling, and drawal charges up to the extent of consumption of Data Center Park(s)/ unit(s) for the Data Center Park(s)/ unit(s) for a period of 20 years from the date of commencement of operations of the first Data Center Park. The loss of revenue on this account will be reimbursed to Power Utilities from the incentives' budget of IT,E&C Department on quarterly basis.

(i) to consider the request for exemption of electricity duty for captive consumption and power sourced from the grid (if any) for a period of 25 years from the date of first purchase of land at Kapuluppada (Phase- I);

(j) to permit 100% SGST reimbursement on capex (excluding land) for the Data Center Park(s) for first 3 years from the date of signing of respective sale agreements. 50% SGST reimbursement on capex would be allowed for subsequent 7 years. No SGST reimbursement will be given for replacement of Data Center infrastructure. However, the company needs to segregate creditable and non-creditable tax during the implementation period;

(k) to permit 100% reimbursement of SGST on capital expenditure (for all electrical equipment, mechanical equipment, civil & other construction purchases) for Data Center Park(s) for first 3 years from the date of signature of respective site sale agreement (between APIIC and Data Center Park developer) and 50% for next 7 years, No SGST reimbursement will be given for replacement of electrical equipment, mechanical equipment, civil & other construction purchases. However, the company needs to segregate creditable and non- creditable tax during the implementation period;

(l) to permit 100% SGST reimbursement of capex on Communication & IT equipment/ hardware and perpetual licenses of software for the Data Center units for first 3 years from the date of signing of respective contracts/ sales agreements between Data Center Park and data center unit/ individual consuming units. 50% SGST reimbursement on capex would be allowed for subsequent 7 years. No SGST reimbursement will be given for replacement of communication & IT equipment/ hardware and perpetual licenses of software. However, the company needs to segregate creditable and non- creditable tax during the implementation period;

(m) to provide potable water at a fixed rate of INR 10/- per ton/ KL for an initial period of 10 years, and at INR 25/- per KL/ ton for the next 15 years;

(n) dual grid power supply will be extended to the Data Center Park(s) in a manner that they are spaced so as to not to be impacted by nature's act simultaneously. The cost of transmission infrastructure viz. connecting lines and sub-station(s) at respective Data Center Park(s) will be borne by the IT,E&C Department from its incentives' budget;

(o) to provide a subsidy of INR 2/- per unit for the energy consumed from the DISCOMs of Andhra Pradesh for a period of 12 years from the date of land agreement for sale for respective site, as a special case as this project would create a robust data-driven

and cloud ecosystem. For the Data Center units/ individual consuming units that have started operations within this 12 years, this benefit would be extended by another 8 years. Data Center Park developer will be given this benefit for the energy supplied from the DISCOMs of Andhra Pradesh to Data Center Park(s);

(p) to categorize the Data Center Park(s)/ Data Center units as Mission Critical Infrastructure with zero load shedding;

(q) to provide requisite support and help, pursue necessary approvals within the purview of the State Government and facilitate the identified partner for approvals from Govt. of India in setting up of undersea cable landing station;

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

K.VIJAYANAND
PRINCIPAL SECRETARY TO GOVERNMENT

To
M/s. Adani Enterprises Limited
The VC&MD, APIIC Ltd, Vijayawada
The Spl. Chief Secretary to Government, Revenue (CT) Department
The Principal Secretary to Government, Finance Department
The Principal Secretary to Government, Energy, I&I Department
The Principal Secretary to Government, MA&UD Dept.
The Secretary to Govt., Industries and Commerce Dept.
The Commissioner, Industries, Andhra Pradesh
The District Collector & Magistrate, Visakhapatnam District.
The District Collector & Magistrate, Vizianagaram District.
The Commissioner, GVMC, Visakhapatnam.
The VC&MD, VUDA, Visakhapatnam.
The CMD, APEPDCL,Visakhapatnam.
Copy to:
The OSD to Hon'ble Minister for Information Technology, Andhra Pradesh
The DC, VSEZ, Visakhapatnam
The PS to Principal Secretary to Hon'ble Chief Minister
The PS to IT Advisor
The PS to Prl. Secretary, IT,E&C Department
The Group CEO, AP Electronics & Information Technology Agency
The Director, Airport Authority, Visakhapatnam
The LET & F (Employment) Department.
The Law (B) Department
The GM, DIC, Visakhapatnam
The ZM, APIIC, Visakhapatnam
The ZM, APIIC, Special Projects Zone, Visakhapatnam.
The P.S. to Secretary to Government & CIP

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SECTION OFFICER